

Message Text

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PAGE 01 CASABL 00120 191200Z

51

ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 AF-06 IO-10

PA-01 PRS-01 USIA-06 /115 W
----- 093739

R 191030Z FEB 75

FM AMCONSUL CASABLAANCA

TO SECSTATE WASHDC 3311

INFO AMEMBASSY LONDON

AMEMBASSY RABAT

C O N F I D E N T I A L CASABLANCA 0120

E.O. 11652: GDS

TAGS: EINV, ENRG, EIND, MO

SUBJECT: MOROCCANIZATION OF OIL MARKETING -- ESSO CASE

REF: STATE 032828

1. SKANE (ESSO MAROC) AND ROOT (ESSO AFRICA, LONDON) HAVE TENTATIVE APPOINTMENT WITH DOUEIB, FOR FEB.25. PER DECISIONS AT LONDON MEETING LAST WEEK THEY WILL INSIST THAT ANY DEAL EITHER PERMIT IMMEDIATE REPATRIATION OF PROCEEDS OR, IF FUNDS BLOCKED, ESSO RECEIVE EFFECTIVELY COMMERCIAL RATE OF INTEREST, WHETHER DIRECTLY OR BY SOME SUCH DEVICE AS CITED REFTEL (THROUGH INTEREST RATE FOR LATTER WOULD BE SUBSTANTIALLY BELOW 11 PERCENT).

2. RE MANAGEMENT ISSUE, SOME CONFUSION APPEARS IN JESSUP REMARKS REFTEL. NO ISSUE ARISES OF EXCLUDING MOROCCAN GEN. MANAGER FROM VOTING. ESSO WANTS FULL VOTING EQUALITY IN BOARD AS 50 PERCENT PARTNER, AND WANTS ESSO NOMINEE AS DIRECTOR GENERAL; ACCEPTS SNPP RIGHT TO CHOICE OF PRESIDENT.
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PAGE 02 CASABL 00120 191200Z

SNPP WANTS PRESIDENT TO HAVE PREPONDERANT VOTE EXCEPT ON SPECIFIED ISSUES, MOSTLY FINANCIAL. IF FULL PARITY OF VOTE

AND EFFECTIVE OPERATIONAL MANAGEMENT NOT OBTAINABLE, ESSO
NOW PREPARED TO ACCEPT 50 PERCENT PORTFOLIO HOLDING,
WITHDRAW TRADE MARK AND PERSONNEL, AND YIELD MANAGEMENT AND
PREPONDERANT VOTE TO SNPP.

3. ESSO STILL PREPARING FOR LEGAL STEPS TO CHALLENGE
REQUISITION AND OBTAIN TRADEMARK WITHDRAWAL, CONTINGENT ON
RESULTS NEXT WEEKS NEGOTIATIONS. ULTIMATE ISSUE WOULD
PRESUMABLY BE WHETHER GOM OFFER OF PAYMENT IN FUNDS BLOCKED
5-7 YEARS AT SUBSTANTIALLY BELOW COMMERCIAL INTEREST
CONSTITUTES ADEQUATE COMPENSATION BUT THAT ISSUE IS WELL
DOWN THE ROAD, WITH PROTRACTED INTERVENING LEGAL PROCESS.
BRUBECK

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